

Message Text

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PAGE 01 TOKYO 12663 190907Z
ACTION TRSE-00

INFO OCT-01 EUR-12 EA-10 ISO-00 XMB-02 EB-08 AID-05
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 L-03 H-01 AGRE-00 /094 W
-----096670 191155Z /46

R 190805Z AUG 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 330
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME

C O N F I D E N T I A L TOKYO 12663

E.O. 11652: GDS
TAGS: EFIN, ETRD, JA
SUBJECT: JAPANESE CREDIT ARRANGEMENTS WITH USSR

REF: STATE 193815

1. EMBOFF MET WITH MOFA FIRST EAST EUROPE DEPUTY DIRECTOR OKI WHO REITERATED THAT GOJ CONSIDERS TERMS OF SUBJECT LOAN AGREEMENT WITH SOVIETS TO BE WITHIN LIMITS SET BY CONSENSUS. THE CASE DOWNPAYMENT IS 15 PERCENT. LOANS WILL BE DISBURSED UPON "COMMISSIONING" OF PLANT, I.E., WHEN PLANT BECOMES "OPERATIVE," WHICH IS ANTICIPATED TO TAKE 3.5 YEARS. OKI TERMED THIS A "QUASI-GRACE" PERIOD, DURING WHICH SOVIETS WOULD NOT HAVE USE OF ANY EQUIPMENT, AND FULLY ALLOWABLE UNDER THER BERNE UNION RULES. THE REPAYMENT PERIOD IS 5 YEARS WITH THE INTEREST RATE SET AT 7.55 PERCENT. THESE PROVISIONS, OKI SAID, HAVE BEEN NOTIFIED TO THE BERNE UNION AND OECD.

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PAGE 02 TOKYO 12663 190907Z

2. OKI SAID THE TOTAL PACKAGE SHOULD BE TAKEN INTO ACCOUNT BEFORE JUDGING WHETHER OR NOT JAPANESE ARRANGEMENT CONTRADICTS SPIRIT OF THE CONSENSUS. WITH A 5 YEAR REPAYMENT PERIOD, HE AVERRED, JAPAN COULD HAVE AGREED TO 7.25 PERCENT INTEREST RATE. HIGHER INTEREST RATE THEREFORE REFLECTS LONGER EXPOSURE PERIOD. OKI ADDED THAT CONSENSUS IS A GENTLEMEN'S AGREEMENT THAT ALLOWS

PARTICIPANTS SOME LATITUDE TO COMPETE WHILE GUARDING
AGAINST DANGER OF ACCORDING SOVIETS EXCESSIVELY FAVOR-
ABLE TERMS. INDIVIDUAL CREDIT PACKAGES MUST BE RE-
GUARDED IN THIS SPIRIT AND NOT BE DISTORTED BY TOO
MUCH ATTENTION TO ANY PARTICULAR COMPONENT.

3. OKI ALSO SAID HE WAS PUZZLED BY OUR REQUEST TO
APPROACH THE ITALIANS IF WE BELIEVE THE JAPANESE
ARRANGEMENT CONTRADICTS THE SPIRIT OF THE CONSENSUS.
IF SOVIETS ARE TELLING ITALIANS THAT JAPANESE HAVE
ACCORDED TERMS MORE FAVORABLE THAN THOSE ALLOWED
UNDER THE CONSENSUS, THE ITALIANS CAN OBTAIN THE
CORRECT DATA THROUGH THE OECD EXPORT CREDIT GUARANTEE
GROUP.
MANSFFIELD

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOAN AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition Reason:
Disposition Remarks:
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